Anomalies in guidelines for recovery of NPAs

3290. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the guidelines issued by the Reserve Bank of India regarding Non-Performing Assets are applicable only to the Public Sector Banks and not to the Private Sector Banks;

(b) whether such inconsistency is leading to Banks working at cross purposes, thereby putting the Public Sector Banks to disadvantage *vis-a-vis* the Private Sector Banks in the matter of recovery of outstanding loans; and

(c) if so, the details in this regard and how this anomaly is proposed to be remedied?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The guidelines issued by Reserve Bank of India (RBI) regarding non-performing assets (NPAs) are applicable to all scheduled commercial banks including both public sector banks and private sector banks. All banks are also free to formulate their own compromise and settlement policy. RBI has issued guidelines to all public sector banks in January, 2003, to provide for a simplified, non-discretionary and non-discriminatory mechanism for compromise settlement of chronic NPAs upto Rs. 10.00 crore. This scheme was formulated by RBI not as regulator, but on behalf of Government and hence it was confined to public sector banks only.

Gramin Bank in Betul district, M.P.

3291. SHRI KAILASH JOSHI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the details of districts in Madhya Pradesh where there is no Gramin Bank functioning;

(b) whether Government have a proposal to start a Gramin Bank in Betul district in view of concentration of majority Scheduled Tribes population; and

(c) by when the Bank is likely to be started together with the details of schedule bank by whom it is likely to be sponsored?